



United States
Department of
Agriculture

Rural Development
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The USDA Rural Development Strategic Plan Fiscal Years 2005 – 2010



Committed to the future of rural communities

USDA RURAL DEVELOPMENT
Strategic Plan for Fiscal Years 2005 – 2010

Rural America, home to one fifth of the Nation's population, is a collage of people and economic activity. Seven out of eight rural counties are now dominated by varying mixes of manufacturing, services, and other non-farming activities. While the majority of rural residents are not dependent on agriculture for their income, many small family farmers rely on local, off-farm employment to supplement their farm income. Of the 60 million people who live in rural America, only 2 million are directly engaged in production agriculture. A diversity of other enterprises, including support services for agriculture, forestry and mining, recreation, and manufacturing, provide most of the jobs and income in rural America.

Rural Development, is one of seven mission areas in the United States Department of Agriculture (USDA), and is a key provider of Federal assistance to help meet the diverse needs of rural communities. In Fiscal Year 2004, Rural Development has nearly \$15 billion to fund its various programs and is responsible for servicing an existing loan portfolio of approximately \$86 billion. With an authorized staffing ceiling of over 7000 employees, Rural Development delivers its programs through a network that includes a National Office in Washington DC, a finance office and single family housing servicing center in St. Louis, Missouri, 47 state offices and approximately 800 local offices.

In 1994, Congress enacted the Department of Agriculture Reorganization Act of 1994. This Act was the first step in fundamentally changing how rural development programs were to be administered at USDA. This Act authorized the creation of the Rural Development mission area that brought together the Department's rural infrastructure loan, grant and technical assistance programs: Businesses and Cooperative, Housing and Community Facilities, and Utilities (water, telecommunications, and electric). With this and subsequent legislation in the Federal Agriculture Improvement and Reform Act of 1996 and the Farm Security and Rural Investment Act of 2002, Congress has made it clear that these programs should be administered in a coordinated manner to maximize their impact on rural America.

Many individual pieces of legislation affect the implementation of the individual programs, however, the basic elements of these programs are found in the following acts: the Consolidated Farm and Rural Development Act contains the authorities for the Business, Water Utilities and Community Facilities programs; Title V of the Housing Act of 1949 contains the authorities for the Housing programs; the Rural Electrification Act of 1936 contains the authorities for the Telecommunication and Electric Utilities programs; and the Cooperative Marketing Act of 1926 contains the authorities for the Cooperative programs. In addition to these acts, there are provisions for Rural Development mission area programs in the three recent farm bills: The 1985 Food and Security Act, The Federal Agriculture Improvement and Reform Act of 1996 and The Farm Security and Rural Investment Act of 2002.



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Rural Development takes a leadership role in fulfilling Presidential initiatives such as increasing minority home ownership by the end of the decade; providing faith-based entities the same opportunity for financial assistance as is provided to other entities; and encouraging the production of renewable energy. Rural Development works with other Federal agencies, both within and outside of USDA, State and local governments, and a broad range of private sector interests to achieve a coordinated effort for the realization of Presidential initiatives, as well as other activities important to rural America.

VISION

A rural America that is a healthy, safe, and prosperous place to live and work.

MISSION

To increase economic opportunity and improve the quality of life for all rural Americans.

HOW

Rural Development will use over 40 loan and grant programs to create housing, businesses, and infrastructure. Rural Development serves as a catalyst to improve conditions in rural America by offering technical assistance and increasing the flow of capital through leveraged partnerships. Successful rural economic development requires cooperation and coordination with local leaders, public and private sector partners, and educational institutions.

VALUES

Rural Development employees are performance driven professionals, serving rural America in a progressive and accountable manner through:

- Responsible lending
- Serving as a catalyst to increase the availability of resources in rural areas
- Quality customer service
- Performance accountability

PRIORITIES

Rural Development has selected the following priorities for creating economic opportunities and improving the quality of life in rural America:

- Access to capital to build entrepreneurship and business development
- Affordable housing and community facilities, with special emphasis on increasing minority homeownership and supporting first responders



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- Broadband deployment to strengthen communications infrastructure and increase the availability of technology in rural areas
- Realignment of the agricultural cooperatives program to promote new generation and other contemporary cooperative business models, catalyze building of cooperative equity, and stimulate organizational flexibility when responding to markets.

STRATEGIC PLAN FRAMEWORK

Rural Development has developed two strategic goals that promote the implementation of its mission and vision, and a set of management strategies to ensure that these goals are implemented effectively. Targeted marketing, sound management practices, innovation in the use of resources, and the continued reliance on enhanced technology are integral to achieving these goals. This plan is integrated with the USDA Strategic Plan and the President's Management Agenda (PMA). It supports the PMA goals of strategic management of human capital, improved financial performance, expanded e-Government, competitive sourcing, support for faith-based organizations, and budget and performance integration.

Performance measurements will be used to track progress. Each measurement specifies baseline information and a long-term performance target. Action-based strategies specify steps needed to achieve the goals identified.

EVALUATIONS

A wide range of analyses, evaluations and data collection systems provide a strong foundation for the development of this Strategic Plan. See Appendix for a list of past, ongoing and current evaluations.

KEY EXTERNAL FACTORS

The ability of the Rural Development to achieve the goals of its Strategic Plan can be impacted by a variety of factors beyond its control. Primary external factors affecting all programs are as follows:

Macroeconomic influences:

- Changes in the domestic and global economies can have a major impact on Rural Development's financial programs and the ability of customers to meet their obligations.
- Rise in unemployment generally affects low-income families first.
- Significant changes in the environment in which a family, community or business operates will have an impact on how they will function in the future.



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- Inflation can impact the disposable income of low-income families and may also adversely impact the ability of small communities and businesses to meet obligations if expenses are increasing faster than income.
- Interest rate changes have the greatest impact on the cost of financing provided and the ability of new customers to afford these changes.

Funding:

- Future funding levels will impact Rural Development's ability to achieve its goals.
- Future funding levels for Salaries and Expenses will affect Rural Development's ability to provide the staff and other resources needed to deliver the programs or achieve the anticipated level of performance.

Legislative and other regulatory changes:

- New legislation, such as the next Farm Bill, may significantly impact Rural Development's programs.
- Statutory or regulatory changes related to Homeland Security may impact Rural Development's programs.
- Statutory or regulatory changes related to securing and managing Government investments may impact Rural Development's programs.
- Statutory or regulatory changes related to the ability or interest of other financial organizations to participate in leveraged financing may impact Rural Development's programs.

Rural Development can partially ameliorate the impact of adverse economic conditions by increasing its loan servicing activities to minimize delinquencies. Changes in program funding can be partially offset by leveraging agency funds with other funding sources and changes in Salaries and Expenses can be addressed by re-ordering work efforts which may, in the long run, affect Rural Development's ability to deliver services to its customers.



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